MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023

PMA0064– ESSENTIALS OF MANAGEMENT ACCOUNTING

7 JULY 2023
9.00 a.m - 11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FOUR** pages (excluding the cover page) with 4 questions only.

2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Write your answers in the answer booklet provided.

Question 1

The following is the estimated cost for Soleha Ltd. There are two production departments namely A1 and M1 and two service departments namely S1 and S2.

	Total	A1 RM	M1 RM	S1 RM	S2 RM
Direct material		10,000	6,000	4,000	2,000
Direct expenses		15,000	10,000	6,000	10,000
Indirect material		42,000	34,000	12,000	22,000
Depreciation of factory machine	84,000				
Power	280,000				
Insurance of factory machines	160,000				
Insurance of factory	140,000				
Salaries to supervisors	100,000				

Additional information:

	A1	M1	S1	S2
Floor area (square meters)	2,000	4,000	2,000	2,000
Number.of employees	70	40	60	30
Kilowatt hours	2,000	6,000	4,000	2,000
Value of machines (RM)	60,000	100,000	200,000	40,000
Machine hours	20,000	40,000		
Labour hours	40,000	60,000		
Service hours	4,000	6,000		

S2 supports the three departments based on a ratio of 5:3:2 with A1, M1 and S1. S1 services the two production departments based on service hours.

At the year end Soleha Ltd. reported the below actual production information:

	A1	M1
Production overhead	RM700,000	RM500,000
Machine hours	20,000	40,000
Labour hours	50,000	10,000

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Required

a) Calculate overhead absorption rates (OAR) for the production departments using the following bases of apportionment:

i) Rate per labour hour for A1.

ii) Rate per machine hour for M1. (21 marks)

b) Determined if it is over or under absorption for the production departments. (4 marks)

[Total 25 marks]

Question 2

The following company uses process costing in their costing system. The following data concern the operation's first processing department for the month of December 2022.

Units started into production during the month	15,000
Units completed and transferred out during the month	12,000
Costs added to production during the month:	
Direct materials cost	RM120,000
Direct labour cost	RM200,000
Manufacturing overheads	RM250,000
Work in process, 31st December 2022:	
Units in process	3000
Percentage of completion with respect to direct materials	60%
Percentage of completion with respect to labour cost	20%
Percentage of completion with respect to manufacturing overheads	20%

a) Calculate the total equivalent units for direct materials, labour cost and manufacturing overheads. (6 marks)

b) Calculate the cost per equivalent unit for direct materials, labour cost and manufacturing overheads. (6 marks)

c) Calculate total cost per completed unit. (4 marks)

d) Calculate the cost of completed production. (2 marks)

e) Calculate cost of ending work in process inventory. (7 marks)

[Total 25 marks]

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Question 3

Nutro limited uses activity-based costing to assign costs to their products. The following information has been allocated.

Activity cost pool	Cost driver	Cost (RM)
Product reengineering	Number of product re-engineering notices	120,000
Factory power	Kilowatt hours	144,000
Material storage	Direct material cost	84,000
Material disbursement	Production runs	26,000
Packaging	Number of orders	220,000
Shipping	Shipments	90,000

There are 4 types of components produced by this company: N1, N2, N3 and N4. Direct costs and cost driver activities for the four products are stated below:

Details	N1	N2	N3	N4
Direct material cost (RM)	8,000	4,000	6,000	6,000
Direct labour cost (RM)	26,000	10,000	12,000	14,000
Production runs	20	20	20	20
Kilowatt hours	2,500	4,000	2,000	3,500
Number of orders	80	60	80	100
Shipments	4	2	4	5
Product reengineering notices	8	10	6	8

Required

a) Calculate the activity cost driver rate. (3 marks)

b) Calculate total product cost of N1, N2, N3 and N4. (22 marks)

[Total 25 marks]

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Question 4

Franco firm manufactures and sells product BL. The information about product BL as follows:

	RM
Selling price per unit	45
Variable manufacturing cost per unit	12
Variable selling and administration cost per unit	8

Details for the month of August, September and October are as follows:

	August	**September**	**October**
Production of BL	750 units	1,000 units	1,500 units
Sales of BL	600 units	1,100 units	1,550 units
Fixed manufacturing overhead	RM6,400	RM6,400	RM6,400
Fixed non-manufacturing cost	RM2,500	RM2,500	RM2,500

The normal production of product BL is 800 units.

a) Calculate production cost per unit using absorption and marginal costing method. (1 mark)

b) Prepare the Statement of Profit or Loss and Other Comprehensive Income for the month of August, September and October based on absorption costing approach. (13 marks)

c) Prepare the Statement of Profit or Loss and Other Comprehensive Income for the month of August, September and October based on marginal costing approach. (11 marks)

[Total 25 marks]

The End of Paper